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TO: Enrolled Hospitals – Chief Executive Officers, Chief Financial Officers, and Patient Accounts Managers

RE: Spenddown Determinations

Inquiries to the Department have prompted clarification regarding the responsibilities of hospitals and the Department of Human Services' (DHS) local offices relative to spenddown calculations.

Hospitals may encounter situations when there are charges associated with a patient for outpatient department services, salaried physician services (as defined in the July 12, 1999 Action Notice to hospitals and ambulatory surgical treatment centers regarding outpatient policy and rates), and inpatient services, all on the same day. All of these charges may be billed on the inpatient UB-92 claim. However, hospitals have the option to bill, in addition to the inpatient claim, one outpatient claim containing charges for the use of the emergency room, or observation services, or both. All other ancillary services related to the emergency or observation department services are to be shown on the inpatient claim. Hospitals also have the option to bill fee-for-service for a salaried physician's services as described in the July 12, 1999 Action Notice referenced above.

If the patient is on a spenddown case, hospitals should follow the guidelines below:

- If the hospital plans to submit an outpatient claim for use of the emergency room, or observation services, or both, in addition to the inpatient claim, then the hospital should clearly identify those applicable charge amounts separately on the billing statement submitted to the DHS local office for spenddown calculation.
- If the hospital also plans to submit a fee-for-service claim for one salaried physician's services, the hospital should clearly identify those charges separately, in addition to any outpatient or inpatient charges, on the billing statement submitted to the DHS local office for spenddown calculation.

The local office determines the order in which bills are applied for the purpose of calculating spenddown. **When appropriate**, local offices will issue separate DPA 2432s (Split Billing Transmittals) for multiple services, such as emergency room, observation services, salaried physician services, or inpatient services, rendered on the same day. DPA 2432s will not be issued for bills that are the total responsibility of the patient. When any service is billed for a date that is determined to be a split-bill day, the DPA 2432 must be attached to the claim (see Chapter 100, Topic 113).

As a reminder, for billing purposes, if emergency department services, observation services, or both are performed and the patient's treatment span crosses midnight, the date of service is still considered the first date. In addition, if a spenddown patient's inpatient hospital stay crosses calendar months, the inpatient charges must be separated by month when they are submitted to the local office for spenddown calculation. Hospitals must also identify any other insurance payment.

Complete and accurate charge information submitted to the DHS local office will facilitate the issuance of any DPA 2432s. Questions regarding this notice may be directed to your hospital's medical assistance consultant in the Bureau of Comprehensive Health Services at (217) 782-5565.

A. George Hovanec, Administrator
Division of Medical Programs